App. F. IX-4

Previous References

1936-7
(C.S)

File No. 11-36

Serial Nos. 29 144

Letter References

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Two

Part B for

SUBJECT.

Recommendations in respect of Primary Credit societies referred to in Chapter II-b of the Report of the Committee on Cooperation

D 1113 Dt 31-7-38

Regr C.S.

WD 0206—GPB—22,500—13-9-37

Passed orders on the

P 45E

App. F. IX-4

Previous References 1936-7 (C.S)

File No. 11-36

Serial Nos. 29, 144

Letter References

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Two

Part B for

SUBJECT.

& Recommendations in respect of primary Credit societies referred to in Chapter II-b of the Report of the Committee on Cooperation

D 1113 dt 31-7-38

Regr C.S.

WD 0295—GPB—22,500—18-8-37

Passes orders on the

GENERAL AND REVENUE SECRETARIAT.

(61.)

NOTES.

File No. 11-36

FILE HEADING.

Recommendations of the Committee on Co-operation in Cyprus.

FROM The Registrar of Co-operative Societies in Cyprus

No. 5503 Dated 5-1-37 Received 7-1-37.

Diary No. 3513 Enclos. 6 Spare copies Serial No. 29

BRIEF ABSTRACT OF LETTER

Forwards his remarks on Chapters I & II of the recommendations of the report of the Committee on Co-operation

NOTES AND ORDERS.

GENERAL SECRETARIAT
1-MAR 1937
4.
6165

His remarks on this file have been noted on the statement sent by the Registrar but will be forwarded

RC Lee 27/2/37

Sec'd member

RC Lee 28.2.37

Please see minutes on the file

NOTES—First Sheet

File No: of 193

General and Revenue Secretariat

In future proposals like this may be noted upon in narrative form and not on tabular statements which are most inconvenient to handle was read

11/3/37.

12/3

13.3.37

3.565

GENERAL AND REVENUE SECRETARIAT.

(65)

NOTES.

File No. 11-36

FILE HEADING.

Recommendations of the Committee on Cooperation in Mysore

FROM

The Registrar of Cooperative Societies in Mysore

No. 5565 Dated 7-1-37 Received 9-1-37

Diary No. 385 Enclos. one Spare copies - Serial No. 36

BRIEF ABSTRACT OF LETTER

Furnishes his views on the recommendations in Chapter III of the Report of the Committee on Cooperation.

NOTES AND ORDERS.

GENERAL SECRETARIAT 12 MAR 1937 575

Submitted for orders with notes on the Statement in the P.W.D.

3/3/37

Please have it put in narration form. Gen Secy 14/3 14/3 by 21.3.37

15/3/37

NOTES—First Sheet.

Recommendations of the Committee on Cooperation Chapter II

3513

General and Revenue Secretariat

bj File No. 11 of 1936.

Draft G.O on the Chapter II (II) of the Report is subs as directed

to
19/5/37

A draft note on Chapter two of the report is subs for consideration. Sec 7/7/37

ed Member)

Sec 7/7/37

Sec 22/7/37

Sec 23/7

Issue

LD 1113/ dated 31-7-37 to the 25/7/37

Sec Cl. Issuing order on Chapter II of the Report.

Prints copy for record on 12/8/37 for [illegible] Leader of the

DEPT. OF THE REGISTRAR GENERAL OF CO-OPERATIVE SOCIETIES 7 JUL 1937 104

1937

Registrar

DEPT. OF THE REGISTRAR GENERAL OF CO-OPERATIVE SOCIETIES 10 AUG. 1937 10813 DEVELOPMENT BRANCH

Recommendations of the Committee on Cooperation Chapter II

3513
2 Bks 611

General and Revenue Secretariat

bs File No. 11 of 1936.

Draft G.O on the Chapter II [illegible] II of the Report is subs as directed

19/5/37

A draft order on Chapter two of the report is subs for consideration

717/37

Secd Member

7/7/37

22/7/37

23/7

Issue

D 1113/ dated 31-7-37 to the 25/7/37

Govt. Cir. Issuing orders on Chapter II of the Report.

Printed copy received on 12/8/37 for [illegible] file

[illegible] OF COUNCIL
[illegible] 1937
104

19[illegible]

Secretariat

RECD. AUG. 1937
6813
DEVELOPMENT BRANCH

Recommendations of the Committee on Corporate Chapter IV

General and Revenue Secretariat. 65 File No. 11 of 1936. [App. F. III—2

Chapter II

Serial No.	
	The order has issued and a copy of the same has been sent to the Chairman by the Secretary Members Submitted for order whether this file may be sent to the Member + Dewan for perusal. as per instructions on 6/8/37) or only the draft orders on subsequent chapters may be submitted. 14/8/37

Not necessary. Reg. G.O. is printed in extenso in Gazette also 14.8.37

GEN. & REV. SECRETARIAT
14 AUG. 1937
DEVELOPMENT BRANCH

NOTE—Contn. Sheet.

WD 6417—GPB—30,000—8-9-36

Extract of the address of Prof Kaji Lokur
he headed over the Mysore Pan Co-op Society

"You have very few societies (in Mysore) for the sale of agricultural produce as the villagers for coffee or cardamom or areca have not advanced any thing like sufficient. The question therefore of forming or with the organisation of more sale societies will be, more the circumstances difficult. But it strikes me that we could usefully develop the idea of the multiple purpose society a little further and combine credit, supply and sale in one institution. We credit - cum - supply - cum - sale societies would become, what the Americans call, useful for almost all the needs of the members. It would acquire influence and prestige in the life of the village and would be able to play an important part in the work of village uplift

x x x

Extract of resolution passed at the All India
Cooperative Conference held at Bangalore in 1937

---

1. This Conference resolves to request the Govt to so amend the Income tax Act so as to exempt from income tax the income derived by Cooperative Societies from (a) investment of their own reserve funds in Govt securities (b) investment in Govt securities for purpose of their reserve to be maintained on a prescribed scale under statutory obligation in force in each province.

4 (a) This Conference does not favour the organisation of Apex L M Banks on joint stock basis. In provinces where there are no Cooperative Apex M.I Banks, steps should be taken to form such Apex Banks on a Cooperative basis.

(b) The Conference does not agree with the view that the Provincial Banks will not command confidence of the investing public by their Board being Composed of borrowers. The Constitution of the Apex Banks is in accordance with sound principles of Cooperation and they do command in abundance the confidence of the public

c) This Conference is of the opinion that the statement made by the Reserve Bank that the margin between the lending rate and the borrowing rate of Cooperative banks is low and that the rate should be raised, is not precisely correct. The margin of profit depends mainly upon the borrowing rates, lending rates, Cost of management etc

while conceiving that these factors depend upon local conditions and circumstances, this conference places on record its considered opinion that the aim of cooperative credit should be to make credit as cheap as possible and the existing rates of interest should not be raised except when by local conditions it is considered absolutely necessary

(d) This Conference considers it undesirable to provide any representation to depositors as such on the boards of provincial banks whether by nomination or otherwise.

(e) The conference while agreeing with the view that long term credit should be handled through L.M. Banks is not in favour of the recommendation that loans from Central Banks & Societies should be strictly confined to cultivation finance only other necessary forms of short and intermediate credit required by members should also be financed in order to prevent them from resorting to money lenders. Provided however that the deposits and borrowings of the banks should be so regulated as to permit such loans being granted from these sources.

(f) This conference while recognising the merits of bringing down the level of debts of members where there is no reasonable prospect of their recovery in full even by long extensions and even does not consider it desirable that any hard and fast rules should be laid down for all banks in all areas, with the rise in prices and other favourable conditions the facilities

(3)

may change as it has done already in certain areas; and it should be left to the banks and societies to deal with the problem according to local conditions.

(g) This Conference while agreeing to the proposal that a statutory fixed or agricultural charge upon borrowers should be created does not favour any special provision for issuing to persons of members who discharge their borrowers without repaying the societies dues

(h) This Conference recognises that multiple purpose societies have proved beneficial in certain areas and borrowers have advantages where they can be successfully set up and while it is not prepared to recommend it for general adoption, is of opinion that such societies may be tried wherever circumstances permit

(i) This Conference is unable to agree with the view that Central Banks of qualified overdraft areas are inapplicable to large banks and that large district banks must be split up into small banks

(j) This Conference agrees with the view that the practice of making debentures of L.D.B. Banks redeemable at any time is unsound and that a period should be fixed for redemption of such debentures; a fund into which collections of the principal are pooled should be formed for redeeming debentures and provision should also be made for retiring them by purchase in open

marketed whenever possible.

(8) This Conference favours the free and compulsory licensing and registration of all moneylenders requiring them to maintain regular and standardised accounts and limiting the maximum rates of interest chargeable on agricultural loans.

(9) Facilities for members of depressed classes who are employed in municipalities and industrial areas should be encouraged and strengthened.

(10) This Conference requests the Co-operative institutions to popularise the movement among women and enlist them as members in large numbers in all types of societies.

(11) Govt of every Province and State bequeath to live liberal and substantial financial help to the Provincial Co-operative Institutes and Land Mortgage Banks out of the Provincial & State revenues.

12) This Conference requests the Government to take suitable steps so that Co-operative societies holding shares in the Reserve Bank of India should be permitted to nominate by a duly authenticated resolution of the Committee any member of the Society as a representative to attend and vote at general body meetings of the Reserve Bank

13) This Conference is of opinion that it essential that the office selected for the housing the Registrar should first have—

associate special training and have shown by experience his fitness for the work he should be allowed to visit other provinces of India as well as Europe to study the co-operative movement there. Each should be an officer under training to succeed the Registrar

(15) This Conference request Government to make statutory provision for notice in writing of not less than thirty days being given to a co-operative society before any suit is filed against it

(16) This Conference is of opinion that the recommendation of Mysore Co-operative Enquiry Committee [illegible] grant of loans to non-members chief object of the Act & of their deposits is unsound. The Boards must have discretion in granting such loans.

(5503)

No. 5503 C.S.

Telegraphic Address:
"CO-OPERT"
BANGALORE

GOVERNMENT OF MYSORE

DEPARTMENT OF CO-OPERATION,

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore 5th January 1937.

3513

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore, Bangalore.

To

GENERAL SECRETARY
5 JAN. 1937

M. Venkatesiengar, Esq., M.A.,
General Secretary to Government,
Bangalore.

Sir,

Adverting to letter No. D.815/C.S. 11-36-6 dated 17th July 1936 asking me to submit my views on the various proposals made by the Mysore Co-operative Enquiry Committee - 1936, I have the honour to forward herewith my views on the several recommendations made in Chapters I and II of the Report, for orders of Government.

I have the honour to be,
Sir,
Your most obedient servant,

M. S. [illegible] 5/1/37
Registrar.

AKM)5/1

CO-OPERATIVE ENQUIRY COMMITTEE REPORT.

1936.

No.of Chapter.	Reference to page of the Report.	Subject matter in brief.	Action taken or proposed to be taken.
1	2	3	4
I	2	Lack of proper training and absence of knowledge of the principles of Co-operation.	It is admitted that the Departmental Inspectors are not doing much propaganda work as some of them have no correct knowledge of the principles of Co-operation and the essentials of rural credit. It is therefore necessary to employ properly - - trained men for this kind of special work by weeding out the existing ineffici nt Inspectors, if the Movement is to succeed. Besides employing well trained men, better propaganda can be done through visual instruction. The Department has at present a Magic Lantern with a fe slides on Co-operation. For want of a Magic Lantern Lecturer, propaganda through this means has been stopped. It would be desirable to revive the post of the Magic Lantern Lecturer to tour in the Districts to do intensive propaganda. More magic lantern slides on 'Co-operation' will have to be purchased or prepared. This would involve a recurring cost of about one thousand rupees a year. A reference has been made to Government

No further action seems necessary here in view of the letter of the Minister to the Newsam and the circular issued by the Dept. While reviewing the Report of the Dept of Cooperation, Govt have directed that these differences should be reconciled. (Page A)

Sd
27.2.37

Sd
6/3

Sd
11/3/37

The Deptal circular simply invites attention to the para 25-26 of the Report and directs that action may be taken on the lines suggested in the Report. For orders whether it would not be desirable to embody all the points of the Committee in the circular. If appears the Circular will be addressed accordingly.

I think the circular as issued is sufficient. It is intended for the guidance of Insprs who are supplied with copies of the Report.
27.2.37

Yes
27.2.37

As the Dept is already taking action in the matter no further action on this seems necessary.

A certain amount of discretion may be given to the Dept in giving effect to these recommendations
27.2.37

Agree
27.2.37

Mr M.S. Ramachandra Rao states that he may add that while discussing the recommendations of the Committee in respect of the jurisdictional character and composition of rural tribunals it was of opinion that the best plan would seem to be to have a single society with multiple object operating in a single village or group of villages rather than multiple societies with single objects having jurisdiction over several villages and quoted Prof. Kaji who presided over the 2nd Provincial Co-op Conference. (Extract placed below). and says that these objects can be easily achieved by converting the existing rural

11/3/37

to entitle trustees by suitable amendment of the existing byelaws empowering them to table up to three additional functions and by constituting in the first instance three multiple purpose trades for villages which have not been reached by cooperative movement before for every

What is the power in the Madras Act - This may be looked up. JWD 6/3

The question has been once considered and the file has been referred to the Registrar Co. especially for remarks

JWD 6/3

28.2.07

For orders if the suggestion of the Registrar may be accepted

The Registrar's recommendation may perhaps be accepted

JWD 6/3

28.2.07

The recommendation made by the Registrar is under consideration separately. The file has been referred to the Law Lords for remarks

The recommendation may perhaps be accepted. The point referred to Law Lords is whether it is necessary to incorporate in the rules the minute instructions given at the similar relative to the conduct of cases.

18.2.87

No further action seems necessary at this.

No remarks

The attempts made by Govt to encourage the development of Depressed Class Industries has not so far proved fruitful and are being carried on amalgamated with other Co-operative activities in the country. Except some Weavers Societies in Madras & Bombay and very few other Societies which are reported to be working somewhat satisfactorily, the others do not seem to have shown any progress at all. During the year 1935-36, twenty eight societies were cancelled in accordance with the policy of amalgamation. The Registrar says that if Govt sanction hopeful funds for employing paid servants and special efforts the work will be taken up. This is a question of provision of funds by Govt. Govt for orders

If Govt are highly desirous to ensure the successful working of these societies. What steps are necessary and practicable has to be investigated. The Registrar may perhaps be asked to go into the question and submit proposals

Yes
18.2.37
ilw
6/3

No further action is necessary on this question

The recommendation of the Registrar for starting a Depot Society in the Nilgiris as an experimental measure is deserving of consideration. There seems to be no urgent need to accept this recommendation.

Yes
18.2.37
6/3

wife remarks on the
matrimonial
Plan is hereby approved
Considered

LJ
28.2.07 DJW
6/3

DJW

order have been made in
the matter and explains the
purpose of the Petition
(this copy of our plans (etc.)
(Key B)

LJ
28.2.07. DJW
6/3

DJW

1	2	3	4
			Government to sanction this amount in this Office Letter No. 5494/C.S. dated 5th January 1937.
I	13	Divergence between the number of decisions pending as shown by the Revenue Department and the Co-operative Department.	This was discussed at the meeting of Departmental Officers and it was resolved that the Revenue Commissioner be requested by the Registrar to issue instructions to the Amildars to furnish to Divisional Officers, a list of decisions pending execution with them and the amount involved in each case, the Divisional Officers in their turn calling for similar lists from the societies in their respective Divisions with a view to verify both the lists with their own Dispute Registers and to reconcile the differences, by necessary further correspondence. (Copy of letter No. 5495 /C.S.dated 5th January 1937 addressed to the Revenue Commissioner and the Circular issued to the Departmental Officers are enclosed for reference).

****

M. S. [illegible]
Registrar. 7/37

L.S.4/1.

CO-OPERATIVE ENQUIRY COMMITTEE REPORT.

1936.

No. of Chapter.	Reference to page of the Report.	Subject matter in brief.	Action taken or proposed to be taken.
1	2	3	4
II	25	**Preliminary investigation before registration of societies.** The organization of societies should only be undertaken by the Department or by some responsible non-official agency authorized by the Registrar. The formation of a society should always be preceded by due enquiry.	The attention of the Inspectors is drawn by a Circular to the points of enquiry suggested by the Committee before recommending registration of fresh societies. (Copy of the Circular issued is enclosed for information).
do.	26	**Membership area.** Members should have explained to them the main principles of co-operation and the practical working of co-operative societies. Members as well as office-bearers and the staff should receive adequate instruction as to various essential matters. Membership in rural societies should be confined to the inhabitants of a single village if sufficiently large, or of one village and its hamlets, or of a number of villages within a radius of about three miles in the Maidan or five miles in the Malnad.	As a general rule membership is now confined to a single village if sufficiently large or to more villages within a radius of about 3 to 5 miles. Societies with very wide jurisdiction have been instructed to reduce the area of their operations, by removing villages, which have not contributed to their membership or those having societies of their own. The recommendation of the Committee in this respect is being enforced, gradually.
do.	27	**Duplication of Societies.** As a rule, there should be only one bank or other specific type of society for the same compact area. But where the area is too large to be adequately served by a single institution, separate societies may be permitted to be formed with different jurisdictions. Where there are more societies than one working in the same limited area, either they should be amalgamated or the members should be suitably re-distributed.	The suggestion given by the Committee regarding amalgamation or formation of separate societies where the membership is unwieldy is being followed. Where the membership of a society has become too unwieldy or where there are discordant elements, separate societies have been formed

1	2	3	4
		Provisions as to division of societies, on the lines of section 13 of the Madras Act, may be usefully introduced.	formed with provision for elimination of competition and prev[illegible] overlapping.
II	28	**Multiple of Membership.** No member of a credit society with unlimited liability should be admitted into a second similar society until he has withdrawn from membership of the former; and no person should be allowed to pledge his unlimited liability in more societies than one. With a view to limit the present unrestricted freedom to borrow in credit societies generally, a rule may be made that no person, being a member of a credit society, except a land mortgage bank or a central financing bank or a house-building society, shall be a member of any other credit society without the general or special sanction of the Registrar, and that where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requsition from the Registrar to that effect.	The suggestion of the Committee to restrict membership of a p[illegible] to only one society of the same kind is highly desirable. A refere[illegible] has been made to Government in this Office No. 5497 /C.S. dated 5th January 1937 recommending the introduction of such a Rule.
		It is desirable to have a definite rule providing that, whenever it becomes necessary to take coercive steps against a member for default, he should normally be removed from membership unless he at once makes full payment.	The Committee has suggested that a person who has defaulted in t[illegible] payment of his dues for more than six months should by a rule made b[illegible] Government, cease to be a member unless he, after the service of a notice makes full payment. This rule, if enforced, will decrease the members[illegible] of societies and many of them will have to be cancelled. As pointed the Committee, when coercive steps are taken against members in defa their share amounts are being adjusted towards their dues and they [illegible] dismembered, but in the case of members of societies indebted to the Central Financing Banks, at least one share is retained, with a view enforce the contributory liability if they are to go into li[illegible] No rule, as suggested by the Committee, seem to be neces[illegible]

1	2	3	4
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		It is desirable to have a definite rule providing that, whenever it becomes necessary to take coercive steps against a member for default, he should normally be removed from membership unless he at once makes full payment.	The Committee has suggested that a person who has defaulted in the payment of his dues for more than six months should by a rule made by Government, cease to be a member unless he, after the service of a notice makes full payment. This rule, if enforced, will decrease the membership of societies and many of them will have to be cancelled. As pointed by the Committee, when coercive steps are taken against members in default, their share amounts are being adjusted towards their dues and they are dismembered, but in the case of members of societies indebted to the Central Financing Banks, at least one share is retained, with a view to enforce the contributory liability if they are to go into liquidation. No rule, as suggested by the Committee, seem to be necessary at present.

1	2	3	4
II	29	Defaulters being declared ineligible to vote at meetings and to serve on Committees.	A Circular regarding the procedure to be followed at elections of members to the Committee of Management has been issued to all the Urban Societies and some important rural societies requesting them to incorporate these rules in their Bye-laws. (Copy enclosed for ready reference). Some of them have adopted the rules suggested by the Department but a majority of them have not done so. It is therefore desirable that the procedure relating to elections, suggested in the Circular may be issued as a Rule framed by Government for conducting elections in all Urban Societies. When this is done, defaulters will not be eligible to vote at meetings or to serve on the Committees of Management and there will be less number of election disputes. A recommendation to this effect is made in this office letter No. 5498/C.S Dated 5th January 1937
		A general rule may be made declaring that defaulters are ineligible to vote at meetings, and to serve on committees, with power to the Registrar to exempt rural Societies	
do.	39	**Societies for women**	Instructions have been issued not to encourage the formation of credit societies for women as a class except for objects recommended by the Committee. Copy of the Circular issued is enclosed.
		There is no special need for separate credit societies for women as a class. Where separate societies may advantageously be organised is in connection with the encouragement of thrift, the carrying on of simple home industries, the purchase and sale of articles and the training and employing of women in subsidiary occupations.	
do.	40	**Communal Societies.**	Except some of the Arya Vaisya Societies, the other communal societies have not been working satisfactorily. The Department is not now, registering fresh communal societies, except under very special circumstances.
		There are various theoretical and practical objections to the formation of purely communal societies. But provided their activities are confined to the promotion of the economic interests of their own members and do not overflow into anti-social channels in relation to other communities, there is no reason to place any particular restrictions on their working.	

1	2	3	4
II	41	Depressed Class Societies.	Societies formed for the benefit of the depressed classes have been failures chiefly due to the ignorance and improvidence of the members their low credit and repaying capacity and the paucity of good workers as observed by the Committee on Co-operation. Action has been taken to - cancel the registration of these, which did not start work and of those, which made a start but did not continue to work. In some cases, their amalgamation with the local credit societies is being ordered. Unless Government sanction sufficient funds to employ paid Secretaries and - special Inspectors to supervise their work, it will not be possible to work these societies efficiently. No recommendation was made for the revival of the appointment of Special Inspectors to supervise this class of societies, on account of financial stringency. But if Government view with favour, the appointment of a few special Inspectors to be in charge of these societies, a further reference will be made furnishing full details of the cost of the Scheme.
		Special Adikarnataka Societies should only be continued in respect of specific trades like shoe-making and weaving, or where Adikarnatakas cannot get admission freely to the general societies. Adikarnataka societies, as long as they are continued, require special help in the shape of a paid Secretary, and of loans at low rates of interest, and also provision for subsidiary occupations for the members.	
do.	42	Societies for salary earners.	Small subscriptions towards shares would if made compulsory be more desirable than compulsory contribution towards Provident Fund. This
		In societies for salary earners, subscriptions to provident funds may well be made compulsory, and the advantages of co-operative insurance secured for members.	

1	2	3	4
II	42	Societies for Government servants The scope for indiscriminate borrowing on the part of Government servants will be curtailed by a rule imposing stringent restrictions on multiple membership. A Government servant ought to be prohibited from borrowing from any outside source, so long as there is a departmental or office society of which he is or can be a member, and which is prepared to give him sufficient and reasonable credit for his current requirements up to the maximum limit of his borrowing capacity. It is necessary to devise a scheme for the redemption of the existing outside debts of officials, preferably through the agency of departmental societies. The by-laws of societies should provide for the compulsory retirement by rotation of a certain proportion of committee members every year, and their replacement by new members. An exception to this may be allowed in the case of societies where the needful facilities for change do not obtain.	This recommendation is borne in mind and is being introduced slowly in the byelaws of societies to be started. A recommendation has been made to Government for starting a society for the officials of the Co-operative Department (vide this Office letter No 1479 /C.S. dated 13.8.1936) and if this proves a success societies for officials of other Departments may be formed on similar lines. The rotation system suggested by the Committee may be accepted. A referance has been made in this office letter No. 5499 / C.S. dated 5-1-37 suggesting the retirement of 3 members every year in District Head Quarters Societies for the present.

****

Registrar

L.S.5/1.

1	2	3	4

This recommendation is borne in mind and is being introduced slowly in the byelaws of societies to be started.

II 42 Societies for Government servants

"The scope for indiscriminate borrowing on the part of Government servants will be curtailed by a rule imposing stringent restrictions on multiple membership. A Government servant ought to be prohibited from borrowing from any outside source, so long as there is a departmental or office society of which he is or can be a member, and which is prepared to give him sufficient and reasonable credit for his current requirements up to the maximum limit of his borrowing capacity.

It is necessary to devise a scheme for the redemption of the existing outside debts of officials, preferably through the agency of departmental societies.

The by-laws of societies should provide for the compulsory retirement by rotation of a certain proportion of committee members every year, and their replacement by new members. An exception to this may be allowed in the case of societies where the needful facilities for change do not obtain.

A recommendation has been made to Government for starting a society for the Officials of the Co-operative Department (vide this Office letter No. 1479 /C.S. dated 13.8.1936) and if this proves a success, societies for officials of other Departments may be formed on similar lines.

The rotation system suggested by the Committee may be accepted. A referance has been made in this office letter No. 5499 / C.S. dated 5-1-37 suggesting the retirement of 3 members every year in District Head Quarters Societies for the present.

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Registrar.

L.S.5/1.

No. 5495 C.S.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" BANGALORE

Dated, Bangalore, 5th January *193* 7.

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

The Revenue Commissioner in Mysore,
Bangalore.

Sir,

I have the honour to state that there is a large divergence between the number of co-operative decisions shown as pending execution with the Revenue authorities and the Departmental figures. With a view to reconcile the figures of the Department with those furnished by the Revenue Department, I request that instructions may kindly be issued to the Amildars to send a list of pending cases with them and the amount involved in each case to the Divisional Officers concerned to enable the latter to verify such lists with their Dispute Registers and the lists to be called for from the societies.. The reasons for the variations, if any, will be pointed out to the Revenue authorities for necessary corrections being made in their Registers or vice versa.

At present the Amildars are sending quarterly statements showing only the number of decrees pending execution with them and it would greatly facilitate matters if they are directed to note in this statement details furnishing the number and date of the decisions pending execution with them.

I have the honour to be,
Sir,
Your most obedient servant,

Sd.- M.G.Mehkri,
Registrar.

L.S.4/1.

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" Copy "

5/7/37

Registrar.

Office of the Registrar of Co-operative Societies
in Mysore. Dated Bangalore, 5th January 1937.

CIRCULAR NO. /C.S.

There is a large divergence between the set of figures furnished by the Department and the Revenue Department in respect of decisions pending execution. Though it has been repeatedly observed that a reconciliation between the two sets of figures should be made, no action seems to have been taken in this direction. The Revenue Commissioner has been requested to issue necessary instructions to the Amildars to furnish to the Divisional Officers a list of decisions pending execution with them and the amount involved in each case. The Divisional Officers may call for similar lists from the societies in their respectiv Divisions and verify the lists obtained from the Amildars and the Societies with the Registers in their own offices and have the figures reconciled by necessary correspondence.

Sd.- M.G.Menkri,
Registrar.

L.S.4/1.

To

All the Division Officers.

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" Copy "

Registrar.

Office of the Registrar of Co-operative Societies
in Mysore, Dated ~~Bangalore~~ Bangalore, 5th January 1937.

CIRCULAR NO.9/ C.S.

The attention of all Inspectors of Co-operative Societies is drawn to page 25 and 26 of the Report of the Committee on Co-operation in Mysore re: the enquiry to be made, before the formation of a rural society and they are requested to send a detailed report of their investigations, on the lines suggested when recommending the registration of fresh societies.

Sd.- M.G.Mehkri,
Registrar.

L.S.5/1.

To

The Inspectors of Co-operative Societies
of all the Circles.

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"Copy"

Registrar.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE, BANGALORE.

IV

Circular No. 11—*C. S., dated* 3*rd September* 1934.

To

The Secretaries of all Urban Co-operative Societies and Banks.

The members of the Committee of Management are being elected at the Annual General Meetings of Societies after the report of the Directors about the working of the society is read. It has come to the notice of the undersigned that for want of a uniform procedure and rules regarding elections, a number of disputes are being filed. The following rules may therefore be adopted for guidance at elections :—

These rules apply to Central and Urban Banks, and Societies in Towns. It is desired that large societies in rural areas should, also in future, hold their elections as far as possible in accordance with these rules.

1. Soon after the close of the official year, the accounts of the society should be got audited and the date of the annual general meeting fixed and intimated to all the members at least one month before the date of the meeting.

2. A list of members who are in default for more than three months in respect of their dues to the society should be prepared and notices given to such defaulters that they will not be entitled, either to vote at the general meeting or to stand as candidates for election to the committee of management if they failed to pay up the overdue amounts to the society 15 days before the date of the general meeting. If any society has no bye-law to this effect, suitable bye-laws may be framed early.

3. Members desirous of standing as candidates to the committee of management should give their applications to the Secretary or to the office of the society five days before the date of the general meeting. Such applications should have been supported by at least two members. A member may nominate as many as there are seats in the Committee from among those who are not defaulters. In all cases of nominations, the consent of the concerned candidates should have been obtained in writing. If the consent of nominated candidates has not been taken, their names will not be included in the voting slips.

4. The names of those who have duly applied or nominated (if they are not otherwise ineligible) will be noted in the voting slips.

5. Three days before the date of the general meeting, a list of members eligible for voting should be prepared.

6. All the members that attend the general meeting should sign in the Register kept for the purpose as they enter the place of the meeting.

7. The general body should decide the time during which voting may take place. If the power of fixing the time of voting has been delegated to the committee by the General Body, the committee may fix the same.

8. Voters should appear in person and vote.

9. Identification slips may be issued to members entitled to vote. Members who hold identification tickets should produce them before the Polling Officer at the polling booth and obtain voting slips from him.

10. The voting slip should bear the seal of the society, or some other distinguishing mark.

11. Voters should put a mark prescribed for this purpose against the names of candidates whom they wish to elect, fold the voting slip and deposit it in the ballot box. The polling officers should help the illiterate members in marking names in the voting slips.

12. The General Body should, before the commencement of election, appoint as many Polling Officers as may be necessary for the proper conduct of elections, and tellers to count the votes.

13. After all the voters present, have voted or after the time fixed for voting by the general body is over, the Polling Officer shall stop voting and deliver the ballot box to the Tellers.

14. Tellers shall take into consideration only such voting slips which are regularly filled up.

15. Soon after the counting of votes is over, the result shall be announced either at the general meeting, if possible, or published on the Notice Board of the Society, under the signature of the Chairman of the meeting.

16. The Chairman of the General Meeting shall arrange to keep in safe custody in the society in a sealed box the voting slips and their counterfoils, the register containing the signatures of members that attended the meeting and the report of the tellers. These may be burnt two months after the date of the general meeting.

17. If any member wishes to file any dispute regarding the elections, he should do so within a month from the date of election.

The above model rules may, if necessary, be altered by societies so as to suit their conditions.

M. G. MEHKRI,
Registrar.

13

Office of the Registrar of Co-operative Societies
in Mysore, Dated Bangalore, 5th January 1937.

CIRCULAR NO. /C.S.

The attention of the Assistant Registrars is drawn to the recommendation on page 39 of the Committee on Co-operation in Mysore, re: formation of credit societies for women and they are requested to register such societies, if their object is the encouragement of thrift and their general welfare.

Sd.- M.G.Mehkri,
Registrar.

L.S.5/1.

To

The Assistant Registrars of all Divisions
and the Deputy Registrar in charge of Kolar Division.

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" Copy "

Registrar.

12 Copies

Proceedings of the Government of
His Highness the Maharaja of Mysore.

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R e a d : -

1. Chapter II of the Report of the Committee on Co-operation 1936.

2. Letter No. 5509 dated the 5th January 1937 from the Registrar of Co-operative Societies in Mysore forwarding his views on the recommendations made in the said chapter.

Order No. D 113 /CI 11-36-144
Dated, Bangalore, 31-7-37

1. In this chapter the Committee have examined the problems of Primary Credit Societies.

2. Preliminaries to Registration.

The Committee observe that an unsatisfactory feature of Co-operative Administration in the past has been the formation of Rural Societies without adequate reference to local conditions and wants and have suggested that the formation of a Society should always be preceded by due enquiry and that members as well as office-bearers and the staff should receive adequate instructions regarding the main principles of co-operation and the best way to attain the objects of their Society. Government note that the Registrar has issued a circular drawing the attention of the Inspectors to the ~~points of~~ need for thorough enquiry suggested by the Committee before recommending registration of fresh

fresh societies. In regard to the second recommendation certain proposals have been received from the Registrar and are separately under scrutiny.

3. Areas of Rural Societies and duplication and division of Societies. In this matter the Committee recommend that observe

Membership in rural societies should be confined to the inhabitants of a single village if sufficiently large, or of one village and its hamlets, or of a number of villages within a radius of about three miles in the Maidan or five miles in the Malnad.

As a rule, there should be only one bank or other specific type of society for the same compact area. But where the area is too large to be adequately served by a single institution, separate societies may be permitted to be formed with different jurisdictions. Where there are more societies than one working in the same limited area, either they should be amalgamated or the members should be suitably re-distributed. ~~Provisions as to division of societies, on the lines of section 13 of the Madras Act, may be usefully introduced.~~

Government accept the principles underlying these ~~recommendations.~~ observations. ~~The Department should however have a certain amount of discretion in giving effect to them.~~ The Registrar reports that in practice the recommendations of the Committee are being substantially followed. The Committee also suggests that provisions as to division of Societies on the lines of Section 13 of the Madras Act may be usefully introduced into Mysore. ~~The Registrar will be requested to examine the suggestion.~~ Govt accept the suggestion and will take necessary action to give effect to it

4 Multiple Membership.

In regard to multiple membership the Committee recommend that

~~No~~ meinber of a credit society with unlimited liability should be admitted into a second similar society until he has withdrawn from membership in the former; and no person ~~should be~~ allowed to pledge his unlimited liability in more societies than one. With a view to limit the present unrestricted freedom to borrow in credit societies generally, a rule ~~may~~ be made that no person, being a member of a credit society, except a land mortgage bank or a central financing bank or a house-building society, shall be a member of any other credit society without the general or special sanction of the Registrar, and that where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect.

they recommend

It has been observed that cases in which persons have become members of more than one unlimited liability Societies are extremely rare and that ~~the evil exists~~ the disadvantages of multiple membership have been felt only in limited liability Societies particularly, in Bangalore and Mysore. The Lallubhai Samaldas Committee of 1923 suggested that no persons should be allowed to become a member of more than one society of the same kind. Government accepted the suggestion and the Registrar submitted in May 1932 a draft rule more or less on the lines of the present recommendation. The proposal met with strong opposition from many quarters. It was then proposed to prohibit a member from borrowing from more than one society of the same kind. Apart from the difficulty in enforcing such a rule the proposal involved an anomaly in that it excluded some members from the enjoyment of all the privileges of membership. Government therefore requested the Registrar to further consider the matter and submit revised proposals. This was the position when the question came up for examination before the present Committee. One of the objections urged against the proposals is that many influential and experienced persons are members of more than one society of the same kind and that by restricting their membership to one society the other societies would be deprived of their counsel and financial aid. This objection ~~advantages of their wealth and experience.~~ does not appear to be insuperable as it is however pointed that under the new arrangement proposed it will be open to the Registrar to permit a really useful persons to become a members of more than one

one Co-operative Institution and ~~that~~ the Registrar may be trusted to exercise the discretion vested in him properly. ~~Even otherwise, it is urged that~~ In any event, a person who is genuinely anxious to help societies with his funds ~~and~~ can do so by depositing his ~~monies~~ money in such societies without becoming a member thereof, ~~and that as regards management there is no dearth of suitable persons in the cities and the larger towns where alone the evils of multiple membership prevail.~~

Another objection raised against the proposal is that a credit-worthy person cannot get the accommodation that he needs and deserves owing to the operation of ~~the~~ a bye-law prevailing in some societies that no member is eligible for a loan exceeding twice the share amount paid by him and also to the fact that many urban societies do not allot to a member as many shares as he requires within the statutory limit. In regard to this objection, it is pointed out that a Co-operative Institution is not expected to handle large scale financial operations and that its object is to promote thrift in, and grant accommodation to, persons of moderate means and needs. It is ~~considered~~ conceded that the bye-law limiting the loan to twice the share capital is illogical, and that the factors that are to determine the limit of a loan should be the repaying capacity of the borrowers, his credit-worthiness and the financial resources of the Society.

in membership of societies and many of them would have to be cancelled. He reports that in actual practice when coercive steps are taken against members in default their share amounts are adjusted towards their dues and they are dismembered, an exception however being made in the case of members of societies indebted to the Central Financing Banks, in which case, at least one share of each member is retained with a view to enforce the contributory liability should such societies go into liquidation. Government consider that the present practice of the sept, as explained above, in all cases, would substantially secure the object in view in the view urged by the Registrar and think that a rule such as is suggested by the Committee need not be framed for the present. Action under the existing provisions of the rules should however be strictly enforced against so as to bring home to defaulting members the importance of being regular in meeting their obligations promptly.

6. Disqualification of defaulters.

The Committee have recommended that a general rule be made by Government declaring that defaulters are ineligible to vote at meetings and to serve on the Committees with a power to the Registrar to exempt rural societies from the operation of such a rule.

Government have accepted this recommendation and called for draft rules to be issued under Section 44 (2) (f) of the Regulation.

7 Exclusion of political and religious activities.

Government are in entire agreement with the principles enunciated in this recommenda-

agree with the committee in the view recommendation that discussion or propagation of controversial opinions of a political or religious character should be altogether excluded from the activities of the co-operative movement and It does not appear however that there is any urgent need at present to promulgate the rule empowering the Registrar to rescind any resolution or action which may contravene this principle.

that shall be empowered by rule

8. Liability of Members; powers and responsibilities of Committees; period of office of Committee Members; and of service of a member on several Committees -

On these matters the Committee state recommend that

(Unlimited liability is best adapted for small village societies which do not require much capital, and in which membership is restricted to a small area and that in non-agricultural societies, liability should, as a general principle, be limited.)

(In special cases, where members are prepared to take adequate reserve liability on their shares, an agricultural credit society may be permitted to be formed on a limited liability basis. They observe that)

(It is important that the committee of management should not be placed beyond the control of the general body. It is necessary, on the one hand, to affirm and safeguard the position of the general body as the supreme authority in all matters affecting the administration of the society, and, on the other, to see that adequate powers of executive management are delegated to the committee. The allocation of functions in the by-laws should be quite clear and definite in these respects.)

(The by-laws of societies should provide for the compulsory retirement by rotation of a certain proportion of committee members every year, and their replacement by new members. An exception to this may be allowed in the case of societies where the needful facilities for change do not obtain. They hold also that No person should ordinarily be eligible to serve simultaneously on the committees of more than one society of the same type without the sanction of the Registrar, a central financing institution and a primary urban bank may be taken to be of different types for the purpose of this rule as institutions

however being simplified of different types.

It is incumbent to lay down a necessary qualification for

Government accept these recommendations of the Committee. A draft rule to provide for the compulsory retirement by rotation of a certain proportion of Committee Members is under scrutiny. The Registrar is reques ed to submit draft rules to give effect to the recommendations of the Committee that no

no person should ordinarily be eligible to serve simultaneously on the Committees of more than one society of the same type without the sanction of the Registrar.

9. Qualifications of membership of Committees; remuneration of office-bearers; and bonus to Secretaries -

The Committee recommend that

it is inexpedient to lay down as a necessary qualification for a seat on the committee the possession of a certain number of the society's shares.

In all agricultural and in the smaller non-agricultural societies, the Chairman and the members of the managing committee should serve without remuneration. In other institutions where the work is complicated and heavy and requires much time on the part of one or more members, a moderate honorarium may be paid. They state also that

Some reasonable compensation by way of bonus will usually have to be paid to the Secretary and that present limit ~~of 12½ per cent of net profits, subject to a maximum of Rs. 250, is generally recognized to be too low, and~~ may be fixed at 15 per cent with a maximum of Rs. 500. Where no clerical assistance is given to the Secretary, an additional 5 per cent may, they recommend, be allowed.

The recommendations are accepted, and in regard to bonuses to Secretaries orders have been issued in conformity with the recommendation.

A majority of the Committee recommend that

10. Limit of membership in urban banks.

~~Where the membership of an urban bank exceeds a general~~ limit of 1,500 (or, with the special permission of the Registrar, 2,000), further admissions must be stopped, the needs of new applicants being served by the formation of an additional bank, and the sphere of operations of the two institutions defined so as to avoid overlapping.

is one of the few subjects on which the Committee are not unanimous. Government generally agree to the principles underlying the recommendation of the majority of the Committee, ~~that a limit should be fixed to the number of members which an institution may enrol.~~ They feel, however, that it would be difficult to place a numerical limit on the expansion of urban societies where they serve a compact area. While therefore they are not in favor of fixing such a limit they think it necessary that the Registrar should be empowered to

to stop further admissions to any particular institution when the membership becomes unwieldy and to direct the formation of an additional institution for the area. Action will be taken to frame rules empowering him in this behalf.

11. Grain Banks.

Government note that the committee have no recommendations to make in regard to Grain Banks.

Societies for depressed classes.

Regarding the working of these societies the Committee observe that

> Special Adikarnataka Societies should only be continued in respect of specific trades like shoe-making and weaving, or where Adikarnatakas cannot get admission freely to the general societies. Adikarnataka societies, as long as they are continued, require special help in the shape of a paid Secretary, and of loans at low rates of interest, and also provision for subsidiary occupations for the members.

Government note these observations and agree that these societies so long as they continue require special help. The question of improving their working may be further examined by the Registrar.

12 Societies for salary earners.

The Committee suggest that in these societies subscriptions to Provident Funds may be made compulsory but it has been represented to Government that there are practical difficulties in giving effect to this suggestion. The matter may be further examined by the

the Registrar.

19. Societies for Government servants.

As stated above Government accept the proposal that multiple membership should be discouraged. A scheme for developing departmental societies with a view to discourage borrowing from other sources is proposed to be tentatively tried in the Department of Co-operation. The question of further extension of the scheme may be considered after some experience has been gained of the working of such societies.

20. Other recommendations.

~~The Committee make some Other recommendations made by the Committee in this chapter in regard to Committee are regarding paid staff, the number of banks in urban areas, defaulters in other societies, and~~ women's societies and communal societies. Government accept these recommendations and desire that they should be borne in mind by the officers of the Department in guiding the work of the institutions in their charge.

With regard to the formation and development of new special types of societies eg. women's societies grain banks and communal societies Govt desire that the officers of the Dept will bear in mind the observations of Govt. The committee which are fully borne out by past experience

27/7/37

13.6.37

General Secretary to Government

To

The Registrar of Co-operative Societies,

12.6.37

1,-50 PTI

P.B. no 1-37

App. F VI G 10.

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. D 1113/C.S. II-36-144 DATED the 31st July 1937

May this be

i. printed ? Yes.

ii. treated as a standing order ? Yes

iii. published in the Gazette English Part ?

iv. translated ?

v. placed at the disposal of the press ?

iv. published in the Gazette Kannada Part ?

} Yes

Report of the Committee on Co-operation in Mysore

Pass order in respect of Primary credit Societies referred to in Chapter II of the ——

AS 31/7/37

AS 2.8.37

25

S. O.

Government of his highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. D. 1113—C. S. 11-36-144, dated 31st July 1937.

Report of the Committee on Co-operation in Mysore.

Passes orders in respect of Primary Credit Societies referred to in Chapter II of the ——.

RE—

Chapter II of the Report of the Committee on Co-operation, 1936.

2. Letter No. 5509, dated the 5th January 1937, from the Registrar of Co-operative Societies in Mysore, forwarding his views on the recommendations made in the said chapter.

ORDER NO. D. 1113—C. S. 11-36-144, DATED BANGALORE, THE 31ST JULY 1937.

In this Chapter, the Committee have examined the problems of Primary Credit Societies.

2. *Preliminaries to Registration.*—The Committee observe that an unsatisfactory feature of Co-operative Administration in the past has been the formation of Rural Societies without adequate reference to local conditions and wants and have suggested that the formation of a society should always be preceded by due enquiry and that members as well as office-bearers and the staff should receive adequate instruction, regarding the main principles of co-operation and the best way to attain the objects of their Society. Government note that the Registrar has issued a circular drawing the attention of the Inspectors to the need for thorough enquiry with reference to the several points suggested by the Committee before recommending registration of fresh societies. In regard to the second recommendation, certain proposals have been received from the Registrar and are separately under scrutiny.

3. *Areas of Rural Societies and Duplication and Division of Societies.*—In this matter, the Committee observe that membership in Rural Societies should be confined to the inhabitants of a single village, if sufficiently large, or of one village and its hamlets, or of a number of villages within a radius of about three miles in the maidan or five miles in the malnad. As a rule, there should be only one bank or other specific type of society for the same compact area. But where the area is too large to be adequately served by a single institution, separate societies may be permitted to be formed with different jurisdictions. Where there are more societies than one working in the same limited area, either they should be amalgamated or the members should be suitably redistributed. Government accept the principles underlying these observations. The Registrar reports that in practice the recommendations of the Committee are being substantially followed.

The Committee also suggest that provisions as to division of societies on the lines of Section 13 of the Madras Act may be usefully introduced into Mysore. Government accept this suggestion and will take necessary action to give effect to it.

4. *Multiple Membership.*—In regard to multiple membership, the Committee recommend that no member of a credit society with unlimited liability should be admitted into a second similar society until he has withdrawn from membership in the former; and no person should be allowed to pledge his unlimited liability in more societies than one. With a view to limit the present unrestricted freedom to borrow in credit societies generally they recommend a rule being made that no person, being a member of a credit society, except a Land Mortgage Bank or a

Central Financing Bank or a House Building Society, shall be a member of any other credit society without the general or special sanction of the Registrar and that where a person has become a member of two such credit societies, either or both of the societies, shall be bound to remove him from membership upon a written requisition from the Registrar to that effect.

It has been observed that cases in which persons have become members of more than one unlimited liability society are extremely rare and that the disadvantages of multiple membership have been felt only in limited liability societies particularly in Bangalore and Mysore. The Lallubhai Samaldas Committee of 1923 suggested that no person should be allowed to become a member of more than one society of the same kind. Government accepted the suggestion and the Registrar submitted in May 1932, a draft rule more or less on the lines of the present recommendation. The proposal met with strong opposition from many quarters. It was then proposed to prohibit a member from borrowing from more than one society of the same kind. Apart from the difficulty in enforcing such a rule the proposal involved an anomaly in that it excluded some members from the enjoyment of all the privileges of membership. Government, therefore, requested the Registrar to further consider the matter and submit revised proposals. This was the position when the question came up for examination before the present Committee. One of the objections urged against the proposal is that many influential and experienced persons are members of more than one society of the same kind and that by restricting their membership to one society, the other societies would be deprived of their counsel and financial aid. This objection does not, however, appear to be insuperable as even under the new arrangement proposed it will be open to the Registrar to permit a really useful person to become a member of more than one Co-operative Institution and the Registrar may be trusted to exercise the discretion vested in him properly. In any event a person who is genuinely anxious to help societies with his funds can do so by depositing his money in such societies without becoming a member thereof. Another objection raised against the proposal is that a creditworthy person cannot get the accommodation that he needs and deserves owing to the operation of a bye-law prevailing in some societies that no member is eligible for a loan exceeding twice the share amount paid by him and also to the fact that many urban societies do not allot to a member as many shares as he requires within the statutory limit. In regard to this objection, it is pointed out that a Co-operative Institution is not expected to handle large scale financial operations and that its object is to promote thrift in, and grant accommodation to, persons of moderate means and needs. It is conceded that the bye-law limiting the loan to twice the share capital is illogical, and that the factors that are to determine the limit of a loan should be the repaying capacity of the borrower, his creditworthiness and the financial resources of the society.

The Registrar reports that it has been found that excessive and indiscriminate borrowing cannot always be controlled by members of Committees and that loan applications are often not properly scrutinised with reference to the indebtedness of applicants to other Co-operative Institutions. He is of opinion that the only way of putting a stop to the abuse is to frame a rule as in Madras on the lines recommended by the Committee.

On a careful consideration of all the relevant factors, Government have come to the conclusion that the balance of advantage lies in accepting the recommendations of the Committee. At the same time, they direct that steps be taken as early as possible to remove the provision said to be found in the bye-laws of some societies restricting the loan granted to a member to twice the share capital paid up by him.

5. *Removal from Membership.*—The Committee observe that arrears should not ordinarily be allowed for more than six months and recommend that a rule may be framed by Government to the effect that whenever it becomes necessary to take coercive steps against a member for default, he should, unless he at once makes full payment, be removed from membership. The Registrar thinks that if such a rule is enforced, there will be great reduction in membership of societies and many of them would have to be cancelled. He reports that in actual practice when coercive steps are taken against members in default, their share amounts are adjusted

towards their dues and they are dismembered, an exception however being made in the case of members of societies indebted to the Central Financing Banks, in which case, at least one share of each member is retained with a view to enforce contributory liability should such societies go into liquidation. Government consider that the practice of the department as explained above, if strictly enforced in all cases, would substantially secure the object in view and bring home to defaulting members the importance of meeting their obligations promptly.

6. *Disqualification of Defaulters.*—The Committee have recommended that a general rule be made by Government declaring that defaulters are ineligible to vote at meetings and to serve on Committees and giving power to the Registrar to exempt rural societies from the operation of such a rule. Government have accepted this recommendation and called for draft rules to be issued under Section 44 (2) (f) of the Regulation.

7. *Exclusion of political and religious activities.*—Government agree with the Committee in the view that discussion or propagation of controversial opinions of a political or religious character should be altogether excluded from the activities of the co-operative movement and that the Registrar should be empowered by rule to rescind any resolution or action which may contravene this principle.

8. *Liability of Members*; *Powers and Responsibilities of Committees*; *Period of office of Committee Members*; *and of Service of a Member on Several Committees.*—The Committee state that unlimited liability is best adapted for small village societies which do not require much capital and in which membership is restricted to a small area and that in non-agricultural societies, liability should, as a general principle, be limited. In special cases, where members are prepared to take adequate reserve liability on their shares, an agricultural credit society may be permitted to be formed on a limited liability basis. They observe that it is important that the Committee of Management should not be placed beyond the control of the general body. It is necessary, on the one hand, to affirm and safeguard the position of the general body as the supreme authority in all matters affecting the administration of the society, and, on the other, to see that adequate powers of executive management are delegated to the Committee. The allocation of functions in the bye-laws should be quite clear and definite in these respects. *The Bye-laws of societies should provide for the compulsory retirement* by rotation of a certain proportion of Committee members every year, *and* their replacement by new members. An exception to this may be allowed in the case of societies where facilities for change do not obtain. They hold also that no person should ordinarily be eligible to serve simultaneously on the committees of more than one society of the same type without the sanction of the Registrar, a central financing institution and a primary urban bank, however, being considered for the purpose of this rule as institutions of different types. Government accept these recommendations of the Committee. A draft rule to provide for the compulsory retirement by rotation of a certain proportion of Committee members is under scrutiny. The Registrar is requested to submit draft rules to give effect to the recommendations of the Committee that no person should ordinarily be eligible to serve simultaneously on the Committees of more than one society of the same type without the sanction of the Registrar.

9. *Qualifications of Membership of Committees*; *Remuneration of Office bearers and Bonus to Secretaries.*—The Committee recommend that it is inexpedient to lay down as a necessary qualification for a seat on the Committee the possession of a certain number of the society's shares. In all agricultural and in the smaller non-agricultural societies, the Chairman and the Members of the Managing Committee should serve without remuneration. In other institutions where the work is complicated and heavy and requiries much time on the part of one or more members, a moderate honorarium may be paid. They state also that some reasonable compensation by way of bonus will usually have to be paid to the Secretary and that the limit may be fixed at 15 per cent with a maximum of Rs. 300. Where no clerical assistance is given to the Secretary, an additional 5 per cent may, they recommend, be allowed. The recommendations are accepted, and in regard to bonuses to Secretaries, orders have been issued in conformity with the recommendations.

towards their dues and they are dismembered, an exception however being made in the case of members of societies indebted to the Central Financing Banks, in which case, at least one share of each member is retained with a view to enforce contributory liability should such societies go into liquidation. Government consider that the practice of the department as explained above, if strictly enforced in all cases, would substantially secure the object in view and bring home to defaulting members the importance of meeting their obligations promptly.

6. *Disqualification of Defaulters.*—The Committee have recommended that a general rule be made by Government declaring that defaulters are ineligible to vote at meetings and to serve on Committees and giving power to the Registrar to exempt rural societies from the operation of such a rule. Government have accepted this recommendation and called for draft rules to be issued under Section 44 (2) (f) of the Regulation.

7. *Exclusion of political and religious activities.*—Government agree with the Committee in the view that discussion or propagation of controversial opinions of a political or religious character should be altogether excluded from the activities of the co-operative movement and that the Registrar should be empowered by rule to rescind any resolution or action which may contravene this principle.

8. *Liability of Members*; *Powers and Responsibilities of Committees*; *Period of office of Committee Members*; *and of Service of a Member on Several Committees.*—The Committee state that unlimited liability is best adapted for small village societies which do not require much capital and in which membership is restricted to a small area and that in non-agricultural societies, liability should, as a general principle, be limited. In special cases, where members are prepared to take adequate reserve liability on their shares, an agricultural credit society may be permitted to be formed on a limited liability basis. They observe that it is important that the Committee of Management should not be placed beyond the control of the general body. It is necessary, on the one hand, to affirm and safeguard the position of the general body as the supreme authority in all matters affecting the administration of the society, and, on the other, to see that adequate powers of executive management are delegated to the Committee. The allocation of functions in the bye-laws should be quite clear and definite in these respects. The Bye-laws of societies should provide for the compulsory retirement by rotation of a certain proportion of Committee members every year, and their replacement by new members. An exception to this may be allowed in the case of societies where facilities for change do not obtain. They hold also that no person should ordinarily be eligible to serve simultaneously on the committees of more than one society of the same type without the sanction of the Registrar, a central financing institution and a primary urban bank, however, being considered for the purpose of this rule as institutions of different types. Government accept these recommendations of the Committee. A draft rule to provide for the compulsory retirement by rotation of a certain proportion of Committee members is under scrutiny. The Registrar is requested to submit draft rules to give effect to the recommendations of the Committee that no person should ordinarily be eligible to serve simultaneously on the Committees of more than one society of the same type without the sanction of the Registrar.

9. *Qualifications of Membership of Committees*; *Remuneration of Office bearers and Bonus to Secretaries.*—The Committee recommend that it is inexpedient to lay down as a necessary qualification for a seat on the Committee the possession of a certain number of the society's shares. In all agricultural and in the smaller non-agricultural societies, the Chairman and the Members of the Managing Committee should serve without remuneration. In other institutions where the work is complicated and heavy and requiries much time on the part of one or more members, a moderate honorarium may be paid. They state also that some reasonable compensation by way of bonus will usually have to be paid to the Secretary and that the limit may be fixed at 15 per cent with a maximum of Rs. 300. Where no clerical assistance is given to the Secretary, an additional 5 per cent may, they recommend, be allowed. The recommendations are accepted, and in regard to bonuses to Secretaries, orders have been issued in conformity with the recommendations.

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10. *Limit of Membership in Urban Banks.*—A majority of the Committee recommend that where the membership of an Urban Bank exceeds a general limit of 1,500 (or, with the special permission of the Registrar, 2,000) further admissions must be stopped, the needs of new applicants being served by the formation of an additional bank, and the sphere of operations of the two institutions defined so as to avoid overlapping. This is one of the few subjects on which the Committee are not unanimous. Government generally agree to the principle underlying the recommendation of the majority of the Committee. They feel, however, that it would be difficult to place a numerical limit on the expansion of Urban Societies where they serve a compact area. While therefore, they are not in favour of fixing such a limit they think it necessary that the Registrar should be empowered to stop further admissions to any particular institution where the membership becomes unwieldy and to direct the formation of an additional institution for the area. Action will be taken to frame rules empowering him in this behalf.

11. *Societies for Depressed Classes.*—Regarding the working of these societies, the Committee observe that Special Adikarnataka Societies should only be continued in respect of specific trades like shoe-making and weaving or where Adikarnatakas cannot get admission freely to the general societies. Adikarnataka Societies, as long as they are continued, require special help in the shape of a paid Secretary, and of loans at low rates of interest and also provision for subsidiary occupations for the members. Government note these observations and agree that these societies so long as they continue require special help. The question of improving their working may be further examined by the Registrar.

12. *Societies for Salary Earners.*—The Committee suggest that in these societies subscriptions to Provident Funds may be made compulsory but it has been represented to Government that there are practical difficulties in giving effect to this suggestion. The matter may be further examined by the Registrar.

13. *Societies for Government Servants.*—As stated above, Government accept the proposal that multiple membership should be discouraged. A scheme for developing departmental societies with a view to discourage borrowing from other sources is proposed to be tentatively tried in the Department of Co-operation. The question of further extension of the scheme may be considered after some experience has been gained of the working of such societies.

14. *Other Recommendations.*—With regard to the formation and development of other special type of societies, *e.g.*, Women's Societies, Grain Banks and Communal Societies, Government have no doubt that the Officers of the Department will bear in mind the observations of the Committee which are fully borne out by past experience.

P. H. KRISHNA RAO,
Secretary to Government,
Local Self-Government Department.

To—The Registrar of Co-operative Societies in Mysore.

Exd.—C. K.

WD 192-GPB—725—9-8-37.

4th August .7

F.O. 16.

Dear Sir,

I enclose herewith a copy of the Government Order No.D.1113/C.S.11-36-144 dated 31st July 1937 on Chapter II of the Report of the Committee on Co-operation. It was my intention to consult you about the order in its draft stage, but owing to some inadvertence this was not done.

Yours sincerely,

Rajadharmapravina Diwan Bahadur
K.S.Chandrasekhara Aiyar, B.A., B.L.,
Retired Chief Judge of the Chief Court of Mysore,
Bangalore.